

Compliance Policy and Procedures Manual

Chapter 6

Closeouts and Clearances



Sales and Use Tax Department
California State
Board of Equalization

This is an advisory publication providing direction to staff administering the Sales and Use Tax Law and Regulations. Although this material is revised periodically, the most current material may be contained in other resources including Operations Memoranda and Policy Memoranda.

Please contact any Board office if there are concerns regarding any section of this publication.

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CLOSEOUTS AND CLEARANCES**600.000****GENERAL STATEMENT ON CLOSEOUTS****605.000****SCOPE OF CHAPTER****605.010**

This chapter includes policy and procedures for the closeout of sales and use tax accounts. It covers the reinstatement of accounts closed out in error, correction of erroneous closeout dates, and the issuance of certificates of tax clearance under the California Sales and Use Tax Law. Instructions for on-line input are covered in Chapter XIII, "Taxable Activity Registration Account Maintenance," of the On-Line User's Guide and are not detailed in this chapter.

The policy and procedural statements in this chapter generally follow the same sequence as the items shown on Form BOE-406, Notice of Closeout, beginning with Section A, Identification of Account — Closeout Date.

THE CLOSEOUT FORM BOE-406**605.020**

Form BOE-406 (Exhibit 1) is used only by the field offices and the information obtained from the BOE-406 is used for on-line input of information regarding the closeout date, fixtures and equipment, sales tax clearances, forwarding address, compliance assessments, successors, reason for closeout, audit recommendations, and escrow. The on-line closeout process removes the account from active status on the registration record. The form may be used as a control tool to follow-up on accounts with outstanding items such as security, delinquencies, inventory, audits, differences, and successors.

The processing of a closeout will remove an account from revocation status. However, if the account is later reinstated, a reinstatement fee will be required for each selling location that reopens.

Districts should establish procedures to ensure that the closeout process is completed properly.

Use the following decision table to decide which publications, forms, and regulations should be provided to the taxpayer at the time of closeout. Those publications, forms, and regulations that are furnished to the taxpayers should be noted in comments.

Closeout Reason (see 610.110)	1	2	3	4	5	6	7	8	9
Publication 74	Y	Y	Y	Y	Y	Y	Y	Y	
BOE-449				Y	Y				
BOE-467				Y	Y				
Reg. 1595				Y	Y				
Reg. 1596				Y	Y				
Reg. 1702				Y	Y		Y		

Directions for completing the closeout forms should be followed in most cases. There are, however, many closeouts of small and part-time businesses where completing all of the entries serves no useful purpose. For these cases, an in-house form may be used, or the information may be entered directly on-line.

WHEN TO CLOSE OUT AN ACCOUNT

605.030

Closeouts are necessary whenever the operation of a business is terminated or whenever there is a change in the ownership of a continuing business. A closeout should not be initiated on-line until it has been verified that the business has been terminated, rather than moved to another location, or is only temporarily inactive.

PREPARATION OF CLOSEOUT FORM BOE-406, SECTION A 610.000**RETURN(S) FURNISHED AND REMOTE INPUT 610.005**

Check "yes" in the upper left corner of Form BOE-406 and show all periods furnished. If no return is furnished, check "no." In the "Remote Input" box enter the date the closeout is entered on-line.

CLOSEOUT OF MASTER AND SUB LOCATIONS 610.006

If the master permit and all subpermits closeout on the same date and for the same reason, the Yes box is checked and it is not necessary to closeout the locations individually. In the case of Reason Code No. 4, Business Sold (New Entity), it is necessary that all locations be purchased by one entity to use this procedure. If the sub-locations are closed on different dates and for different reasons, only the on-line process needs to be completed.

CLOSEOUT DATE 610.010

The closeout date entered in the upper right corner of Form BOE-406, should be the actual day, if known, or the date the entity of record discontinued operations, stopped making sales, or no longer requires a permit or license. If the exact date is not known, an approximate closeout date is used.

Generally a good rule to follow in selecting a closeout date, if the actual day is not known, is to use the last day of the month in which it is known the business was terminated.

If an approximate date is used as the closeout date, it may be corrected on-line if the actual day is subsequently determined.

OWNER(S) — C.O. 610.020

The entry made in this position should be the same as the owner's name shown on the registration record.

ACCOUNT NUMBER — C.O. 610.030

The account number must be identical with that shown on the registration record. It must be legibly printed or typed so that it will not be misread, resulting in closing out the wrong account on the registration record.

LOCATION OF BUSINESS — C.O. 610.040

The entry should agree with that shown on the registration record.

NEW OR FORWARDING ADDRESS — C.O. 610.050

Enter the address and telephone number where the taxpayer can be reached and/or receives mail. If a partnership, update the address information for all partners. Enter the name and address of the employer of the taxpayer(s), if any, or other information that will help to specifically locate the taxpayer(s). New telephone numbers are important.

TYPE OR NATURE OF BUSINESS — C.O. 610.060

This should be a description of the business operation. Whenever an Alcoholic Beverage Control (ABC) license is involved, the type of license should be described.

NEW OWNER(S) — C.O. 610.070

Enter all partners' names, if applicable. If no new owner, show "None."

ACCOUNT NUMBER (NEW) — C.O.**610.080**

Enter the new permit number, if issued. Otherwise, an alpha search should be made as part of a final review to determine if the new owner has been properly permitted.

On-line input should not be held up for new owner, permit number, or purchase price information. These items, when obtained, should be entered by the district office on the BOE-406 and added to the registration record using the on-line closeout maintenance program.

SUCCESSOR'S LIABILITY**610.090**

The entry here should indicate either "yes" or "no." If "no," explain.

Any purchaser who buys a business or a stock of goods and fails to withhold sufficient of the purchase price to clear the account of the seller or who fails to obtain a clearance may be liable for the amount owed by the seller to the extent of the purchase price. It is important that the form show the purchase price as accurately as can be determined and whether the new owner can be held liable as a successor. Use space immediately below "closeout prepared by" to enter additional information.

The information entered in this respect must be accurate since it will be the basis for holding the new owner liable as a successor should such action become necessary.

Reference: Revenue and Taxation Code section 6812, Regulation 1702

PURCHASE PRICE — C.O.**610.100**

An entry should be made when applicable. The dollar amount entered in this section should be the total price paid by the successor for the business including any liabilities assumed, good will, and the purchase of fixtures and equipment. If the total price includes inventory, so state, and show the approximate value of inventory separately.

REASONS FOR CLOSEOUT**610.110****1 — Did not operate**

When a permit has been issued and it is later determined that no actual operation of the business took place, the account will be closed out with a closeout date identical to the starting date shown on the registration record.

2 — Business discontinued — no successor

When the business is terminated with no sale to a successor, the closeout should be initiated as soon as possible. Any person whose business is terminated but is holding a permit in anticipation of re-entering business should be instructed to complete the closeout, surrender the permit, and file a new application when re-entering business pursuant to Revenue and Taxation Code section 6072.

Permits held solely for the purpose of making purchases at wholesale should be closed out. The provisions of Revenue and Taxation Code section 6094.5 should be brought to the attention of the buyer in these cases.

3 — Business discontinued — Assignment or bankruptcy

When the person holding the permit makes an assignment for benefit of creditors or if a bankruptcy ruling has been granted, a closeout will be initiated. Closeout reason 3 is used only when there is no continuation of the business by the assignee or fiduciary appointed by the court. For assignments or bankruptcies when the business is continued, see "other reorganization" following.

4 — Change in ownership — Business sold (new entity)

If the business is sold, a closeout is required and a new application should be completed by the successor as soon as possible after the date of the ownership becomes known. Follow-up of the predecessor/successor information is critical to ensure the appropriate account relationship.

5 — Change in ownership — Change in partnership

The laws governing partnerships in this state were changed with the adoption of the Revised Uniform Partnership Act (RUPA) which became effective for all new partnerships formed on or after January 1, 1997. It became effective on January 1, 1999 for *all* partnerships, regardless of when they were formed. RUPA provides for the survival (continuation) of a partnership when partners are added or dropped. Therefore, if the business is being continued, but with the addition or deletion of a partner or partners, it is not necessary to closeout the partnership permit. Instead, if the Board is notified of such partnership changes, comments will be entered in IRIS on-line and the account number, names of the dropped partner or partners, and copies of the written confirmation and other evidence will be forwarded to the Registration Specialist, Special Projects Team, Program Planning Division (MIC 40). For Special Taxes accounts, the same process will be followed except that information and confirming documents will be sent to the respective Registration Specialist in the section where the account originated. The Registration Specialist will ensure that proper comments have been entered on-line and will delete the partner's name from registration *only* if there is no outstanding liability on the account. Otherwise, the partner's name will remain on registration. (See Operations Memo No. 1089 and your district office procedures for further information.)

6 — Change in ownership — Other reorganization

In the case of an assignment for benefit of creditors, bankruptcy, receivership, or probate where the business is continued by a fiduciary appointed by the court, the new owner is not liable as a successor. This is because he or she is appointed by the bankruptcy or superior court or through an assignment for benefit of creditors to operate the business. In the case of a conversion to a different entity or form of business organization, the following will apply. Effective January 1, 2000, Assembly Bill 197 (Chapter 250, Statutes of 1999) and Assembly Bill 198 (Chapter 437, Statutes of 1999) amended the laws of this state to allow for conversion from one type of business organization to another, and the legal entity survives the conversion. General partnerships, for example, can now convert to a Limited Liability Company or Limited Partnership, etc., and vice versa. Corporations, however, are universally excluded from doing this. No conversion, for example, is allowed from a partnership to a corporation or from a corporation to a Limited Liability Company. The debts and obligations of the former (converting) entity continue as the debts and obligations of the converted entity. Whenever such a situation arises, where a permittee has converted to an "other" business entity, the permit of the original entity should be closed out and a new permit issued to the converted or "new" entity.

7 — Issue and cancel

This code is marked when a notice of closeout is prepared at the same time as the application for permit. This occurs when a business has operated unlicensed prior to the time the application is prepared, it is no longer active, and payment in full has not been received.

REASONS FOR CLOSEOUT

(CONT. 2) 610.110

8 — Closeout After Revocation

Closeout code “8” signifies an account was closed out after revocation occurred, regardless of whether the closeout date occurred before or after the effective date of revocation. Closeout code “8” is used in lieu of any other closeout codes on all revoked accounts and/or sublocations of a revoked account which have operated. Reason code “8” is used for any sales and use tax account.

Revoked accounts will be closed out only after investigation has positively confirmed the account has ceased doing business, either through phone calls, field investigation or contact with the taxpayer. Returned mail in itself is NOT sufficient cause to close the permit as a taxpayer may simply be operating at another location. (See Section 360.140)

9 — Mass Closeout

Closeout Reason “9” signifies an account was closed out in the mass closeout process (See Section 645.130). These are accounts that have reported zero sales in a twelve-month period.

REPORTING BASIS — C.O.**610.120**

This item must be checked to reflect the reporting basis shown on the registration system.

STARTING DATE — C.O.**610.130**

The month and year inserted here must agree with the registration record.

OTHER BOARD ACCOUNT NUMBERS**610.140**

This item must always show one of two entries:

- “None” — if no other accounts have been issued to the entity of record.
- Prior or additional account numbers related to the owner(s) must be entered, if applicable.

CLOSEOUT PREPARED BY — OFFICE — DATE**610.150**

These items are self-explanatory and must be filled in. The date shown should be the day Form BOE-406 is prepared.

ACCOUNT RECORD VERIFIED BY**610.160**

Before input of the Form BOE-406, Section A information, the items entered thereon must be checked against the registration record. The person whose initials appear in this box will verify the accuracy and legibility of the owner’s name, the account number, the closeout date, and the indication of a reason for closeout. The importance of legibility and accurate information on the closeout form cannot be overemphasized.

PREPARATION OF CLOSEOUT FORM BOE-406, SECTION B 615.000**VALUE OF FIXTURES AND EQUIPMENT SOLD — SUBJECT TO TAX 615.010**

Tax applies to that portion of the gross receipts from the sale of a business that is attributable to the transfer of tangible personal property held or used in an activity for which the seller is required to hold a seller's permit, and acquired by the purchaser for use rather than for resale.

Tax may also apply to that portion of the gross receipts from the sale of a business that is attributable to the tangible personal property transferred, even though such property was held or used in an activity for which a seller's permit was not required. A person not otherwise engaged in an activity requiring the holding of a seller's permit may make a series of sales sufficient in number, scope and character to require the holding of a seller's permit. The sale in that series of sales, and subsequent sales, during any 12-month period which resulted in the requirement to hold a permit are subject to tax, unless otherwise exempt.

In the case of contributions to commencing partnerships or corporations, the tax applies to that portion of the consideration received that does not represent capital interest in the new partnership or first issue stock in the new corporation. See the following regulations for more complete detail and exemptions.

Please note: The adding or dropping of a partner does not necessarily create a sale of fixtures and equipment.

Reference: Regulations 1595 and 1573

TAXABLE SALES OF EQUIPMENT NOT REPORTED 615.020

If taxable sales of equipment occurred during the operation of the business, the taxpayer should report and pay the tax on the return for the period in which the sales occurred. Tax on sales of equipment should also be included on prepayment forms when the amount of prepayment due is determined by use of Prepayment Option 1. If the taxpayer neglected to report taxable sales of equipment, the additional tax should be reported on a Fixtures and Equipment Compliance Assessment when payment in full is received. If payment in full is not received, a regular Compliance Assessment should be prepared.

If the sale of equipment was made in conjunction with the sale of the business it should be included in the closing return on line 2 and marked "Fixtures and Equipment." It should also be included on prepayment forms when determining the amount of prepayment by use of Prepayment Option 1. If the closing return has already been filed by the time the closeout is made and the sale was not included, a regular Compliance Assessment should be prepared. If payment in full has been received, a Fixtures and Equipment Compliance Assessment should be prepared (See Section 540.200).

Local Tax

When a business location closes on a regular or consolidated account, and all that remains is the sale of fixtures and equipment, the business location where the principal negotiations occur is considered to be the place of sale for purposes of allocating the local tax. This may or may not be a business location for which the taxpayer is required to hold a seller's permit.

SALE OF FIXTURES SUBSEQUENT TO DATE OF CLOSEOUT 615.030

If a sale of fixtures and equipment is not contemplated at the date of closeout, a subsequent single sale of the fixtures may be treated as an occasional sale. However, the single sale of fixtures and equipment subsequent to the date of closeout is taxable if either:

The sale occurs within 60 days of the date of closeout and the taxpayer cannot establish that the sale was not contemplated at the time of closeout; or

The sale takes place after 60 days and within one year of the closeout date, and:

- A contract of sale existed at the date of closeout, or
- A lease with an option to buy exists, or
- Arrangements are in existence evidencing a plan to sell the fixtures and equipment in due course.

Unless the taxpayer makes sales that would otherwise qualify him as a retailer, a sale will be evaluated and may be regarded as an occasional sale if it occurs more than 12 months after the last prior sale. If the sale is subject to tax, a Fixtures and Equipment compliance assessment must be initiated.

FIXTURES AND EQUIPMENT INCLUDED IN FINAL RETURN 615.040

Check the appropriate box to indicate how the tax on the sale of fixtures and equipment is being reported. If necessary, write in the appropriate type of assessment.

SOURCE OF INFORMATION FOR VALUE OF FIXTURES AND EQUIPMENT 615.050

Verify the source of information, such as escrow, buyer, seller or books and records.

**DISPOSITION OF INVENTORY,
PURCHASED FOR RESALE OR FROM OUT-OF-STATE 615.060**

Verify disposition of inventory. Inventory purchased ex-tax and retained for personal use is taxable and should be reported on the final return.

FORM BOE-467 ISSUED 615.070

Indicate if a Form BOE-467, Notice of Requirements in the Sale of a Business, will be issued.

**REQUEST IN WRITING FOR FORM BOE-471,
CERTIFICATE OF PAYMENT OF SALES AND USE TAX 615.080**

This box must be checked either "yes" or "no" and the date it is received must be entered if the "yes" box is checked (See Section 650.000).

LOCATION OF RECORDS — C.O. 615.090

Enter the physical location of the books and records of the owner(s).

IN CARE OF — C.O. 615.100

This entry should show the name of the person who has control of the books and records, such as an accountant, an attorney, bankruptcy court, etc.

DATE PRIOR AUDIT COMPLETED 615.110

When applicable, this box should be completed, along with the next sections, *covering period*, and *liability recommended* section.

AUDIT RECOMMENDED**615.120**

Compliance personnel should make the initial audit recommendation. Information regarding audit selection may be viewed in the Taxpayer Profile screen (TPS TP). If the account is selected for audit, specific information regarding the audit (i.e., name of auditor and auditor's supervisor may be viewed in the Audit Maintenance/Inquiry screen — AUD MC). It is suggested that compliance personnel check with the audit personnel periodically to set referral guidelines covering items such as, types of business, sales volume, claimed deductions, or other factors known to be of significance by the district. Only a small portion of the total closeouts will be audited. Therefore, verification of payment or recommended assessments for additional tax due is the responsibility of the compliance section where no audit is to be made. Particular attention must be given to the disposition of remaining inventory and fixtures and equipment.

AUDIT RECOMMENDATION BY**615.140**

The person making the audit recommendation should print and sign their name in this box, and enter the date of the recommendation in the next box.

APPROVED BY — AUDIT**615.150**

This will show the *signature* or *initial* of the person or his/her designee in the district office having the responsibility for audit selection.

COMPLIANCE POLICY AND PROCEDURES MANUAL

PREPARATION OF CLOSEOUT FORM BOE-406, BACK**620.000****ESCROW AGENTS AND PREDECESSORS****620.010**

If applicable, the name, address, and telephone number of the escrow agent should be entered in the appropriate section. If none, enter "none."

TAX LIABILITY IN PREDECESSOR'S ACCOUNT — C.O.**620.015**

This should be marked either "yes" or "no" and the predecessor's account number entered in the box. If there is no predecessor, the word "none" should be entered in the box.

If there is a predecessor's balance, the information should be shown in Section E.

DISPOSITION OF SECURITY AVAILABLE**620.020**

Savings and Loan Certificates: Enter the dollar amount of the savings and loan certificate as its face value here. If the savings and loan certificate is to be cashed and applied, check the *Cash and Apply* box. If it is to be released, check the *Release* box.

Time Certificate of Deposit: Enter the dollar amount of the face value of the time certificate of deposit in this section. If the time certificate is to be cashed and applied, check this box; if it is to be released, check the *Release* box.

Surety Bond: Enter penal sum, number and effective date of bond.

Name of Surety: Enter the name of the surety company in this section.

Other: Form BOE-140's (personal guaranties), Federal, or State Credit Union Shares.

Security Under Other Business Tax Accounts: Check "yes" or "no" in this section. If "yes" is checked, the amount section should show the face dollar value of the security; and the account number should be entered in the appropriate box.

Balance and Delinquencies: If applicable, these two sections should show how much money is due, the type of billing, and the period of the billing or what period is delinquent. The delinquency period should be shown by using the ending month and year of the period (e.g. 0399 for March and 1st quarter 99).

Date Bal. and Del. Checked: Should be as current as possible. If an old date appears here, it should be erased or crossed out, bal. and del. checked again, and the new date entered.

Cash Deposit: Show the full dollar amount of *cash deposit* available for application.

Returns and Billings: The *Final Return* section should be completed and correspond with the closeout date on the front portion of Form BOE-406. The *Period* for this section should be written as indicated in the above delinquency examples.

There are two sections below *Final Return* that are captioned *Return*. These three sections should follow in consecutive periods beginning with the *Final Return Period*.

BOE-1043-D (Compliance Assessment): Enter (if applicable). The period and date of the Compliance Assessment.

Field Billing Order: Enter (if applicable), the period and date of the field billing order.

Final Audit: Should be filled in as soon as amount of determination is known, usually done by the audit reviewer.

Unpaid Balance: Enter the type of billing and the period(s) covered by the billing.

Predecessor's Balance: Enter the appropriate billing and the period of such billing in this section.

DISPOSITION OF SECURITY AVAILABLE

(CONT.) 620.020

Liability Under Related Account Numbers: Indicate the type and period of billing with account number(s) in this section.

Total Due: Enter the dollar amount of the tax due in each block corresponding to the appropriate left-hand column entry.

Amount Paid: An entry will be made here only when a taxpayer, his agent or representative, or an outside fiduciary, such as an escrow company *actually* has paid funds to the Board for this account. Payment to clear a closed out account should be in cash or its equivalent. However, personal checks may be accepted but before security can be released/refunded or a clearance certificate issued either:

1. Proof of payment of the check will be required or
2. A sufficient period of time must elapse to ensure the check will not be dishonored by the taxpayer's bank. A sufficient period of time is considered to be up to a maximum of sixty working days unless, in certain isolated instances, to protect the Board's interests, a longer period is required. If a shorter period than sixty days, depending upon banking situations, bad check history, etc., in your district, can be used, you should do so.

All payments made by personal checks will be identified by circling the amount, i.e. \$265.15

Evidence of Payment: Enter the date and receipt number of payments made in the district office, but not yet posted on the system. Otherwise, enter the cash date and batch number of the payment(s) posted on the system. If no proof is available, enter the word "none." For credit card payments, presentation of the credit company's statement, which shows the charge due to the credit card company, is sufficient evidence of payment.

Deduct: This column is used to deduct from a savings and loan certificate, a time certificate of deposit, or a cash deposit. All deduct items should show the dollar amount in the *Deduct* column.

Total Deductions must not exceed the total amount of cash available to apply to the liability owed. If the total deductions are less than the total security available, another computation must be made in the section that says *Amount to be Refunded*. The box that indicates *To: Name* must be filled out completely, showing the address, city, state, and ZIP code, if available. This responsibility rests with the person and office preparing this part of the form even though the pink Form BOE-406 will be sent to another office (district of control) for preparation of a refund check.

Balance Owning: Check and enter dollar amount, when applicable. Check escrow claim or escrow withhold, when applicable.

Escrow Claim Filed: Must be checked and filled-in, if appropriate.

Escrow Withhold Filed: Must be checked and filled-in, if appropriate.

Escrow Release Approved By: The signature or initials of the person designated (usually the office supervisor) should be entered here.

Security Report Prepared By: The signature or initials and date will be entered in this section by the security clerk.

Security Report Approved By: The signature or initials of the person designated, usually the office supervisor, and the date, will be entered in this section as evidence that all actions required have been taken.

ORDER OF APPLICATION OF CASH DEPOSITS AT CLOSEOUT**620.030**

Whenever a cash deposit is to be applied to more than one period or liability, the order of allocation shown below will be followed and interest and penalty will be computed accordingly.

1. To self-declared tax due for the final reporting period.
2. To self-declared tax due for any preceding reporting period when the due date for such period is on or after the closeout date.
3. To tax determined to be due for the final reporting period.
4. To tax determined to be due for any preceding period when the due date for such period is on or after the closeout date.
5. To any and all liabilities allocated to the oldest delinquent liability first.
6. To an audit determination allocated to the oldest liability first.
7. To interest and penalty.
8. The remainder of any security is available for other business taxes accounts held by the same entity.

No reallocation will be made in those instances where a deposit has been applied in compliance with the above order of allocation and, at a subsequent date, additional unpaid liability is disclosed. For example, a deposit might be applied in its entirety in accordance with items a, b, and e, but an audit made sometime later disclosed liability contemplated by items c and d. Under such conditions, the deposit will not be reallocated.

Reference: Revenue and Taxation Code section 6815.

APPLICATION OF CASH DEPOSIT TO AMOUNTS DELINQUENT ON CLOSEOUT DATE**620.040**

If any portion of a cash deposit is applied upon closeout to an amount of tax which was delinquent on the closeout date, interest must be computed and penalty added to the date on which the cash deposit became available. If any liability of this type exceeds the amount of cash deposit available for application thereto, interest and penalty must be computed to the date of payment on the portion not paid from the cash deposit.

APPLICATION OF CASH DEPOSIT TO INTEREST AND PENALTY**620.050**

No portion of a cash deposit should be applied to interest or penalty until all tax liability has been paid.

ERRONEOUS REFUNDS OF CASH DEPOSITS**620.060**

If a cash deposit, available on the closeout date of an account, is erroneously refunded instead of being applied to a timely filed return(s), interest or penalty will not be added to the amount which should have been paid timely from the security. However, a failure to pay penalty will apply if not paid within thirty days from the date of billing, and appropriate monthly interest will accrue from the last day of the month following the penalty date.

If a final audit is made, effect will be given to the erroneously refunded security (or any portion which would have been available to apply on the audit) in the computation of interest and penalty included in the billing. The billing (Determination) will, however, provide for additional penalty if not paid within thirty days and appropriate monthly interest will accrue from the last day of the month following the penalty date.

In cases where nothing is owed at the time a refund is made and a liability is later developed through an audit, interest and penalty charges will be added as though no security was available.

COMPLIANCE POLICY AND PROCEDURES MANUAL

PROCESSING CLOSEOUTS**625.000** |**ROUTING FORM BOE-406 BETWEEN DISTRICTS****625.010**

Districts are not restricted from processing on-line input on another district's account. Therefore, when Form BOE-406 is prepared in a district other than the district controlling the account, the information will be input on-line before the form is routed to the district of control for further processing.

CLOSEOUT OF ACCOUNT IN REVOKED STATUS**625.030** |

The processing of a closeout will remove an account from revocation status. However, if the account is later reinstated, a reinstatement fee of \$50.00 will be required for each selling location reinstated.

CLOSEOUT OF ACCOUNTS IN GOOD STANDING (NOT REVOKED)**625.040**

All in-district closeouts are processed on-line by the district of control. Closeouts may be processed on-line without completing a BOE-406 when the circumstances and district policy do not require a BOE-406. Consult with your immediate supervisor to determine when a BOE-406 is required.

COMPLIANCE POLICY AND PROCEDURES MANUAL

CLOSEOUT IN ERROR**635.000****GENERAL LIMITATIONS****635.010**

An account closed out in error may be reinstated by the district no later than eighteen calendar months after the date the closeout was processed on-line, provided all delinquencies have been cleared. The Account Analysis and Control Section, Registration and Security Unit has the user security to reinstate an account closed out in error after the eighteen months have elapsed from the closeout process date.

Where operations have actually ceased at the specific location and a closeout has been processed, the account will not be reinstated if operations are resumed at this or any other location at a later date. A new application must be prepared and a new permit number issued.

**REINSTATEMENT AFTER CLOSEOUT —
REINSTATEMENT AFTER REVOCATION****635.020**

Reinstatement after closeout in conjunction with a reinstatement after revocation is accomplished on-line. The appropriate reinstatement fee is required. If the closeout is reason "8," a new permit is generally required since code "8" indicates the actual discontinuance of business operations has been verified. In addition to single location accounts, this also applies to subpermit locations of consolidated accounts. Reinstatement fees should be collected only for those accounts or sub-locations of a consolidated account which remain active at the time of reinstatement. Those accounts or sub-locations of a consolidated account that closeout subsequent to the date of revocation but prior to the date of reinstatement will continue to be processed with a closeout reason 8. If those accounts or sub-locations of a consolidated account should reactivate at any time in the future, the reinstatement fee would be due and collectable at the time of activation.

REINSTATEMENT OF ACCOUNT AFTER CLOSEOUT IN ERROR**635.030**

When a closed out account is to be reinstated after closeout in error, it can be accomplished on-line. For consolidated accounts, all or part of the sub-locations can be reinstated no later than six months after processing the closeout date. After six months, a new sub-location must be registered using the information from the sub-location closed out in error. Accounts which have actually ceased business operations for a full reporting period may not be reinstated. A new permit is required in this case (See Section 635.010).

**REINSTATEMENT OF ACCOUNT
AFTER CLOSEOUT — INTRADISTRICT MOVE****635.040**

The reinstatement of a sales tax account now operating at a different location within the same district does not require special handling. After reinstating the permit, make the necessary address changes on-line.

**REINSTATEMENT OF ACCOUNT
AFTER CLOSEOUT — INTERDISTRICT MOVE****635.050**

The reinstatement after closeout of a sales tax account in conjunction with an interdistrict move requires special handling after the account has been reinstated and the address changed. See CPPM Section 315.000 et. seq. for instructions.

CHANGE OF INCORRECT CLOSEOUT DATE**635.060**

If the closeout date is incorrect, the date may be corrected on-line.

**REINSTATEMENT OF CONSOLIDATED ACCOUNT
CLOSED OUT IN ERROR, MASTER AND SUBPERMITS**

635.070

| Consolidated master and subpermits are all reinstated on-line. If the master has been closed out in error it may be reinstated with all subpermits, or the subpermits may be reinstated individually. Refer to Section 315.000 et. seq. and the Taxable Activity Registration User's Guide for additional policy and procedure.

MISCELLANEOUS — CLOSEOUTS 645.000**PROOF OF PAYMENT 645.010**

Proof of payment should be obtained for all reporting periods with due dates within three months of the current month, if an escrow clearance or security release is required.

If at closeout there are delinquencies, the representative should attempt to secure the returns and payment from the taxpayer. The same should be done with respect to any balances that might be owed. If these items are not cleared at the time of closeout, subsequent efforts will be necessary. (See Section 620.020)

CLOSEOUTS OF TEMPORARY SELLER'S PERMITS 645.020

It is not necessary to process closeouts on temporary seller's permits as they are closed out immediately by the system upon issuance.

DISPOSITION OF PERMITS AND LICENSES 645.030

Upon closing an account, the former permittees are required to surrender their permits. A reasonable effort should be made to obtain the permit or license to prevent its misuse for purposes of evading the tax. If the permit cannot be located, the person should be instructed to destroy it if found.

COLLECTION RESPONSIBILITY ON CLOSEOUT ACCOUNTS 645.040

The responsibility for collecting any balance due on a closed out account remains with the district in which the person last held a permit or license prior to the closeout date. If a balance is owing at the time of closeout, or is later developed, the amount due will remain on the accounts receivable of the district in which the person last held a permit or license until it is collected. No request for a transfer to another district of a closed out account should be made even though the person moves to another district. When this occurs, the district to which the person has moved should be provided with full particulars regarding the liability and should be requested to make collection. District account files should not be transferred on closed out accounts.

CLEARING DELINQUENT CLOSED OUT ACCOUNTS 645.045

A designated employee, no less than once a month, will use DEL REV report to produce listings of delinquent temporary accounts and delinquent closed out accounts. Delinquencies due to misdirected or erroneous documents will be cleared by proper routing of forms or preparation of account maintenance documents as needed.

Personnel should take additional steps to clear delinquent periods:

- Contact by letter (Form BOE-65) or telephone.
- Perform preliminary skip tracing (check references, video, and telephone books).
- Mail notice to appear (Form BOE-420).
- Delinquencies which are not cleared within 30 days of contact will be referred to the supervisor or as instructed.
- If the taxpayer cannot be contacted and the account appears to meet waiver of return criteria, initiate an on-line Waiver of Liability. (See Section 645.050)

CLEARING DELINQUENCIES OF SMALL ACCOUNTS**645.050**

Generally, part time itinerant, or temporary accounts fall into this category. Frequently, excessive amounts of time and effort are necessary to clear delinquencies even though a small liability is involved.

The on-line Waiver of Liability may be used to reduce costs when closing out a small account. Where delinquencies exist, security is not available, there is no successor, the taxpayer cannot be located, and the potential tax liability is within Board guidelines, \$100, initiate an on-line Waiver of Liability.

RECORDS NOT AVAILABLE AT TIME OF CLOSEOUT**645.060**

Even though taxpayers and their records may be missing at the time of closeout, action must be taken to close their accounts, clear any delinquencies that might exist, and dispose of any security that might be posted.

If necessary, review the on-line revenue system. This will provide information on sales reported for prior periods. This will also provide a basis for a possible Compliance Assessment (CAS) to clear any delinquencies that exist. If the business operated for a short period and no returns were filed, some reasonable method of estimating the sales must be established. The returns of a predecessor or successor for a similar type of business in the same area may provide some help.

Any estimates on Compliance Assessments should be made on a sound basis. The estimated amounts should be as near as possible to the amount of tax actually due without regard to security available, possibility of immediate collection, or any other outside influence.

OUT-OF-STATE CLOSEOUTS — SALES TAX**645.070**

When districts are in receipt of closeout information pertaining to Out-of-State District accounts, the closeout forms BOE-406 should be completed insofar as possible from information available in the district. After all information available is entered on the form, the original and all copies of the Form BOE-406 will be forwarded to the Out-Of-State District. In-state districts should not process Out-of-State closeouts on-line. The Out-of-State District will handle the actual closeout of the permit.

OUT-OF-STATE CLOSEOUTS — SINGLE OUTLET, IN-STATE LOCATION**645.080**

Single outlet in-state sales and use tax accounts with out-of-state books and records are assigned to the Out-Of-State District. When closeouts of this type of account are made, the Out-Of-State District will send a copy of the Form BOE-406 to the office involved. The Out-Of-State District will also notify districts involved in interdistrict transfers of these accounts.

TAXPAYER DEPARTED FROM STATE WITH RECORDS**645.090**

If, after termination of a business, the taxpayer leaves the State with his/her records and if his/her out-of-state address is known, he/she should be informed by mail of the closeout requirements. If he/she fails to respond and returns remain unpaid after the due date, a Compliance Assessment (CAS) may be recommended. If there appears to have been a substantial understatement of tax, an audit may be scheduled and referred to the Out-of-State District with all information available.

**CLOSEOUT AND AUDIT RECORD RETENTION
PROCEDURES OF VEHICLE DEALERS IN CALIFORNIA****645.120****Department of Motor Vehicles**

When a DMV investigator finds that a vehicle dealer has closed out, sold his/her business, or not renewed his/her dealer's license, the local Board office will be notified by telephone. If the Board wishes to audit the business and requires the report of sale books, which the dealer turns over to DMV, they will be delivered to the Board. If the Board does not require the report of sale books, the dealer's copies will be destroyed immediately. DMV retains its copies for one year. When there is no further need of the report of sale books, they will be returned to DMV to be destroyed. DMV will also provide the closeout date and location of books and records if known.

When DMV is reviewing a dealer's report of sale books and finds evidence of noncompliance with DMV laws, copies of the reports of sale indicating noncompliance will be sent to the local Board office.

Board of Equalization

The Board may do the following when it discovers that a vehicle dealer has closed out or sold his or her business:

- Notify the DMV office closest to your location by telephone.
- Give the required vehicle dealer information to any field investigator at the DMV office contacted.
- Request report of sale books if required.

The Board may also provide the closeout date and location of books and records if known. If DMV has not already contacted the dealer, they will do so and thereafter either deliver the report of sale books to the Board or destroy them, depending upon the Board's requirements.

The Board may notify the local DMV office by telephone when either of the following situations arises on active vehicle dealer accounts:

- A vehicle dealer has an outstanding liability that requires a *field* assignment.
- A vehicle dealer is being audited and it appears the dealer is in financial trouble. Before contacting DMV and providing this information the following conditions must exist:
 1. Based on the audit, it does not appear the business is properly financed to clear the probable liability immediately or within acceptable installment payment plan timeframes.
 2. There is information produced through our audit that the business is in financial trouble.
 3. The District Administrator or Branch Office Supervisor approves the telephone call to the DMV.

ANNUAL REVIEW OF ACCOUNTS REPORTING NO SALES**645.130**

Annually, in March, Form BOE-1293 is sent to those accounts that show *no sales in the Revenue subsystem*. This occurs when there is no entry on Line 1 of the return and zero tax shown on the "Total Amount Due and Payable" line.

The taxpayers must respond to Form BOE-1293 in order to retain their permit. Those who do not respond, or who give insufficient reason to retain their permit, will be automatically closed out.

Taxpayers who complete the Request for Retention of Seller's Permit on the back of Form BOE-1293 will return it to the district office. Each request received must be evaluated to determine whether or not the taxpayer should retain the permit.

District offices will receive a list of the district accounts that receive Form BOE-1293. The list is in terminal digit order, and shows the account number, owner's name, DBA, reporting basis, industry code, and area code.

The list will be prepared for Data Processing input by circling the account number of the accounts which are *not* to be closed out (see sample below):

SR AC 11-619600 Russell Avenue School ... etc.

SR AC 11-640100 A. G. Dennis ... etc.

SR AC 11-667800 F. Thompson ... etc.

Those accounts not circled will be closed out. It is extremely important that this instruction be followed carefully and exactly since the closeouts will be processed through a mass change. The effective closeout date for fiscal-year basis accounts will be June 30 of the prior year. The effective closeout date for all other accounts will be December 31 of the prior year. Form BOE-406, Notice of Closeout, will not be prepared for these accounts.

The district office will continue to evaluate the Requests for Retention of Seller's Permit and to mark the list accordingly until a designated day in May. At that time, the list will be sent to Headquarters Registration and Security Control Unit. Data Processing will then print Form BOE-1293-A, Notice of Cancellation of Seller's Permit, which will be sent to the accounts which the district indicates are to be closed out.

If an account has been closed out, but appears on the list of accounts reporting no tax, the account number of the closed out account should also be circled. This will ensure that accounts that are already closed out do not receive Form BOE-1293-A, Notice of Cancellation of Seller's Permit.

In addition to the Forms BOE-1293-A, the districts will receive a list of accounts, which have been closed out. This list will indicate whether or not the account has a security deposit. The type and amount of security will not be shown.

Some taxpayers may send in their request for retention after the deadline. For a few days after returning the list to Headquarters, you may call Headquarters Registration and Security Control Unit to give them the number of an account that is not to be closed out. The number on your list will be circled to stop the closeout.

After the Form BOE-1293-A letter is sent it will be necessary to reinstate the account in the regular manner. Accounts closed out via the BOE-1293 process will show closeout reason "9" as reason for closeout on the registration record.

SALES TAX CLEARANCES**650.000****EFFECT OF SALES TAX CLEARANCE****650.010**

Certificates of Sales and Use Tax Clearance are issued under the provisions of Revenue and Taxation Code section 6812. Their issuance and the responsibility for determining when they should be issued are district office functions.

The only effect of issuing the clearance is to protect the purchaser of a business from being held liable as a successor for amounts which the seller fails to pay, limited to the extent of the purchase price. *It has no effect in relieving the seller of any liability.*

Clearances should not be issued until all of the liability of the seller has been determined and paid, or security in accordance with Revenue and Taxation Code section 6813 has been posted. If an audit is to be made, issuance of the clearance should be withheld until the audit has been completed and the liability, if any, has been paid, including any successor's liability, or as stated above security is posted in accordance with section 6813.

WHEN TO ISSUE SALES TAX CLEARANCES**650.020**

When the purchaser of a business or his/her agent makes a written request for a sales tax clearance, the Board must either issue the certificate of sales tax clearance or mail a notice to the purchaser at his/her address, as it appears on the records of the Board, of the amount that must be paid as a condition of issuing the certificate. The Board must either issue the certificate or mail the notice of payment due within 60 days after receipt of the request by the Board, or within 60 days from the date on which the former owner's records are made available for audit, or 60 days from the date of the sale of the business or stock of goods, whichever expires later.

Should the Board fail to mail the notice within the prescribed period of time, the purchaser is released from any obligation as a successor.

- Issue a BOE-471, Certificate of Payment, when it has been determined that no tax, interest or penalty is due from the seller for the period of operation.
- Issue BOE-1274, Notice of Amounts Due and Conditional Release, when it has been determined that there is or will be tax, penalty or interest due from the seller for the period of operation. (See Section 650.030)

Reference: Revenue and Taxation Code section 6812, Regulation 1702.

CONDITIONAL SALES TAX CLEARANCES TO ESCROW AGENTS**650.030**

After a clearance has been requested by an escrow agent and a liability is owed by the seller, a BOE-1274 may be furnished to the escrow agent with a letter of transmittal stating that its use is conditional upon payment of the amount due. If there is any reason to believe that payment from the escrow agent is uncertain, or no escrow agent is involved, the release should not be issued until full payment has been received. A copy of every release should be routed to Headquarters Special Procedures Section.

SALES TAX CLEARANCE FOR NON-TAXABLE OPERATIONS**650.040**

Any request for a clearance for the sale of a business not requiring a seller's permit may be complied with after it has been verified that no seller's permit was required. The sale of the equipment, along with a business of a type not required to hold a seller's permit, is regarded as an occasional sale and is not taxable unless it is one of a series of sales that would cause the owner to be a retailer of fixtures and equipment. The regular clearance form may be used in these situations.

Reference: Revenue and Taxation Code section 6812, Regulation 1595

COMPLIANCE POLICY AND PROCEDURES MANUAL

CERTIFICATE OF USE TAX CLEARANCE**655.000****FORM BOE-111, CERTIFICATE OF MOTOR VEHICLE,
MOBILEHOME OR COMMERCIAL COACH USE TAX CLEARANCE****655.032**

The transfer of registration of any vehicle, mobilehome or commercial coach subject to use tax under the Sales and Use Tax Law and/or annual license fees under the Health and Safety Code may be effected by DMV/HCD only after use tax has been paid directly to that department or a Form BOE-111, Certificate of Use Tax Clearance has been issued by the Board.

FORM BOE-111-B, CERTIFICATE OF VESSEL USE TAX CLEARANCE**655.033**

The transfer of registration of any undocumented vessel subject to use tax under the Sales and Use Tax Law may be effected by the Department of Motor Vehicles only after use tax has been paid directly to that department or a Form BOE-111-B, Certificate of Vessel Use Tax Clearance, has been issued by the Board.

ISSUANCE OF FORMS BOE-111 AND BOE-111-B**655.034**

The BOE-111/111-B is issued by the Board in the following situations:

- The registrant claims an exemption and provides sufficient documentation to confirm use tax is not due.
- The registrant claims an exemption that may qualify, but the exemption period has not expired. The registrant must provide documentation that shows delivery/possession took place out of state to proceed with this claim.
- The registrant pays the use tax to the Board.
- The registrant has requested an installment payment agreement that has been approved and will be paying the use tax under that agreement. A billing is issued for all approved installment payment agreement.

NOTE: A BOE-111/111-B is never issued for a documented vessel or an aircraft.

Forms BOE-111 and BOE-111-B are issued by the district/branch office or Consumer Use Tax Section (CUTS) by an employee authorized by the District Administrator or CUTS supervisor. A list of employees authorized to sign and issue certificates should be maintained in each office. The person who approves the Form BOE-106 may also sign the certificate. However, if the same person prepares and approves the Form BOE-106, a different person should sign the certificate. Rubber stamp signatures will not be used.

In those situations where the use tax is collected at the time of issuance of the BOE-111 or BOE-111-B, the certificate's press number should be entered on the tax return below the name and address of the taxpayer.

Forms BOE-111 and BOE-111-B are press-numbered for control purposes. Any voided form will be retained for three years. The stock of forms should be maintained and accessible only to the Receipts Custodian and the District Administrator/CUTS supervisor.

**PREPARATION OF FORM BOE-106,
VEHICLE/VESSEL USE TAX INFORMATION****655.036**

When request for use tax clearance is received, Form BOE-106 should be prepared for each request. The front of the form should be completed by the taxpayer. The back of the form is to be completed by Board personnel and approved by a supervisor or designee. The completed form should indicate that the documentation required to verify the clearance has been provided, and copies of this evidence should be attached to the request.

A single BOE-111/111B may be issued for bulk transfers. Note on the BOE-111 (under year model and VIN areas) the following: "See attached schedule" and attach the schedule.

After the Form BOE-111 or BOE-111B is issued, the press-number of the form and the name of the employee who signs the form are entered on the respective lines of the Form BOE-106.

PREPARATION OF FORM BOE-111, AND FORM BOE-111-B**655.038**

The use tax clearance certificate is prepared only in original and is delivered to the person requesting the clearance.

The certificate is to be typewritten. If an error is made, a new Form BOE-111 or BOE-111-B must be prepared as any alteration or erasure voids the certificate.

The use tax clearance certificate is completed to show the name of applicant as it will appear on the vehicle/vessel, mobilehome or commercial coach registration records; make/year model, license/decal or CF number, vehicle/hull identification number or serial number; the date of issuance and the issuing office.

REFINANCING OF VEHICLES**655.130**

The addition or change of a legal owner or filing of a chattel mortgage on a vehicle does not constitute a transfer of registration, and consequently, the Department of Motor Vehicles does not require a tax clearance certificate for such transactions.

The Board will not furnish tax clearance certificates for the purpose of refinancing equipment. Should any finance company having an interest in a vehicle of the user insist upon assurance that the user is not delinquent in the payment of his tax, the finance company should be informed by letter with respect to the taxes due from the user.

INTERVENING OWNERS**655.140** |

A vehicle may change ownership or possession from the original user in whose name it is registered to several subsequent owners before a request is made for clearance and transfer of registration. Whenever this occurs, the tax liability of each person having subsequent ownership of the vehicle, other than the person to whom the vehicle is to be transferred, must be determined.

If any person other than the registered owner had ownership of the vehicle prior to the time of transfer, obtain information concerning the names and addresses of the intervening owners and determine whether or not a tax liability has been incurred. If there were sales of the vehicles between private parties and use tax would be applicable, sufficient information should be obtained in order that the proper amount of tax can be assessed against and collected from each purchaser.

The amounts due from intervening owners are billed by sending a memo to the Consumer Use Tax Section attaching copies of any pertinent documents. This information includes:

- Owner(s) name, address, and telephone number.
- Purchase date.
- Purchase price.
- Registration number (vehicle license plate number, vessel CF number).
- Make, model, and year.

Table of Exhibits

| Form BOE-406, Notice of CloseoutExhibit 1

CLOSEOUTS AND CLEARANCES

FORM BOE-406, NOTICE OF CLOSEOUT

EXHIBIT 1

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BOE-406 (FRONT) REV. 15 (8-01)

NOTICE OF CLOSEOUT

STATE OF CALIFORNIA
BOARD OF EQUALIZATION

RETURN(S) FURNISHED <input type="checkbox"/> YES <input type="checkbox"/> NO PERIOD(S) _____ C.O. MASTER AND ALL SUBS, SAME C.O. DATE AND CLOSEOUT REASON CODE <input type="checkbox"/> YES <input type="checkbox"/> NO	REMOTE INPUT Date _____ By _____	<input type="checkbox"/> SECURITY <input type="checkbox"/> ESCROW	CLOSEOUT DATE M D Y _____
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A. IDENTIFICATION OF ACCOUNT		ACCOUNT NUMBER																									
OWNER(S)		TAX	OFFICE																								
		NUMBER																									
LOCATION OF BUSINESS		REASON FOR CLOSEOUT																									
		<table border="1"> <thead> <tr> <th>REASON</th> <th>REASON</th> </tr> </thead> <tbody> <tr> <td>DID NOT OPERATE</td> <td><input type="checkbox"/> 1</td> </tr> <tr> <td>BUSINESS DISCONTINUED</td> <td></td> </tr> <tr> <td>No Successor</td> <td><input type="checkbox"/> 2</td> </tr> <tr> <td>Assignment or Bankruptcy</td> <td><input type="checkbox"/> 3</td> </tr> <tr> <td>CHANGE IN OWNERSHIP</td> <td></td> </tr> <tr> <td>Business Sold (New Entity)</td> <td><input type="checkbox"/> 4</td> </tr> <tr> <td>Change in Partnership</td> <td><input type="checkbox"/> 5</td> </tr> <tr> <td>Other Reorganization</td> <td><input type="checkbox"/> 6</td> </tr> <tr> <td>ISSUE & CANCEL attach to App.</td> <td><input type="checkbox"/> 7</td> </tr> <tr> <td>CLOSEOUT AFTER REVOCATION</td> <td><input type="checkbox"/> 8</td> </tr> <tr> <td>MASS CLOSEOUT</td> <td><input type="checkbox"/> 9</td> </tr> </tbody> </table>		REASON	REASON	DID NOT OPERATE	<input type="checkbox"/> 1	BUSINESS DISCONTINUED		No Successor	<input type="checkbox"/> 2	Assignment or Bankruptcy	<input type="checkbox"/> 3	CHANGE IN OWNERSHIP		Business Sold (New Entity)	<input type="checkbox"/> 4	Change in Partnership	<input type="checkbox"/> 5	Other Reorganization	<input type="checkbox"/> 6	ISSUE & CANCEL attach to App.	<input type="checkbox"/> 7	CLOSEOUT AFTER REVOCATION	<input type="checkbox"/> 8	MASS CLOSEOUT	<input type="checkbox"/> 9
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MASS CLOSEOUT	<input type="checkbox"/> 9																										
NEW OR FORWARDING ADDRESS	PHONE NO.																										
	()																										
TYPE OR NATURE OF BUSINESS		REPORTING BASIS																									
		<input type="checkbox"/> M <input type="checkbox"/> Q <input type="checkbox"/> Y <input type="checkbox"/> FY																									
NEW OWNER(S)		STARTING DATE																									
		M D Y																									
ACCOUNT NUMBER	SUCCESSOR'S LIABILITY	PURCHASE PRICE	RELATED BOARD ACCOUNT NUMBERS																								
	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$																									
CLOSEOUT PREPARED BY	OFFICE	DATE	ACCOUNT RECORD VERIFIED BY																								

B. REPORT ON CLOSEOUT

VALUE OF FIXTURES AND EQUIPMENT SOLD - SUBJECT TO TAX (REGULATION 1595)		INCLUDED IN FINAL	
\$		<input type="checkbox"/> Return <input type="checkbox"/> BOE-1043-D <input type="checkbox"/> BOE-1043 <input type="checkbox"/> Audit <input type="checkbox"/> BOE-414-B	
SOURCE OF INFORMATION FOR VALUE OF FIXTURES AND EQUIPMENT OR REGULATION 1595 NOT INVOLVED (explain)			
DISPOSITION OF INVENTORY, PURCHASES FOR RESALE OR FROM OUT-OF-STATE IS INCLUDED IN:			
<input type="checkbox"/> Final Return <input type="checkbox"/> BOE-1043 <input type="checkbox"/> Audit <input type="checkbox"/> BOE-1043-D <input type="checkbox"/> BOE-414-B <input type="checkbox"/> Retained (see remarks) <input type="checkbox"/> Sold for Resale - Account No. -			
FORM BOE-487 ISSUED		REQUEST IN WRITING FOR FORM BOE-471	
<input type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Yes <input type="checkbox"/> No	
LOCATION OF RECORDS		DATE RECEIVED	
IN CARE OF		PHONE NO.	
		()	
DATE PRIOR AUDIT COMPLETED		LIABILITY RECOMMENDED	
COVERING PERIOD		\$	
From		To	
AUDIT RECOMMENDED		<input type="checkbox"/> BOE-10 <input type="checkbox"/> BOE-414-A <input type="checkbox"/> BOE-414-B <input type="checkbox"/> BOE-414-C	
<input type="checkbox"/> Yes <input type="checkbox"/> No		Show Total Due in Section E	
REASONS FOR AUDIT RECOMMENDATION AND OTHER REMARKS			

AUDIT RECOMMENDATION BY	DATE	APPROVED BY	DATE

COMPLIANCE POLICY AND PROCEDURES MANUAL

FORM BOE-406, NOTICE OF CLOSEOUT

EXHIBIT 1
PAGE 2 OF 2

BOE-406 (BACK) REV. 15 (8-01)

D. ESCROW AGENTS AND PREDECESSORS

ESCROW AGENT	ESCROW NO.
ADDRESS	PHONE NO. ()
TAX LIABILITY IN PREDECESSOR'S ACCOUNT (If tax liability exists show amount in Section E) <input type="checkbox"/> Yes <input type="checkbox"/> No	PREDECESSOR'S ACCOUNT NO.

E. DISPOSITION OF SECURITY AVAILABLE

SAVINGS AND LOAN CERTIFICATES \$	<input type="checkbox"/> CASH & APPLY <input type="checkbox"/> RELEASE	TIME CERTIFICATE OF DEPOSIT \$	<input type="checkbox"/> CASH & APPLY <input type="checkbox"/> RELEASE
SURETY BOND \$	NO.	EFFECTIVE DATE	
NAME OF SURETY			

OTHER

SECURITY UNDER OTHER BUSINESS TAXES ACCOUNTS <input type="checkbox"/> YES <input type="checkbox"/> NO	AMOUNT \$	ACCOUNT NO./TAXPAYER IDENTIFICATION NUMBER (TIN)
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BALANCES	DATE BAL. AND DEL. CHECKED
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DELINQUENCIES	CASH DEPOSIT
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RETURNS AND BILLINGS	TOTAL DUE	AMOUNT PAID	* EVIDENCE OF PAYMENT	DEDUCT
FINAL RETURN PERIOD				
RETURN				
RETURN				
BCE-1043-D				
FIELD BILLING ORDER				
FINAL AUDIT				
UNPAID BALANCE				
PREDECESSOR'S BALANCE				
LIABILITY UNDER RELATED ACCOUNT NOS.				
* IF PAYMENT MADE BY PERSONAL CHECK, INDICATE BY CIRCLING AMOUNT.			TOTAL DEDUCTIONS	
BALANCE OWING <input type="checkbox"/> \$			AMOUNT TO BE REFUNDED	
ESCROW CLAIM FILED <input type="checkbox"/> \$			TO: NAME	
ESCROW WITHHOLD FILED <input type="checkbox"/> \$			ADDRESS	
ESCROW RELEASE APPROVED BY <input type="checkbox"/>				
SECURITY REPORT	DATE	SECURITY REPORT	DATE	
PREPARED BY		APPROVED BY		